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December 10, 2024

Mr. Andy Dawson  
Director  
Defense Personal Property Management Office (TCJ9)  
US Transportation Command  
Scott Air Force Base, Illinois 62225

Dear Mr. Dawson,

I am writing on behalf of the International Association of Movers (IAM) to express significant concerns about the changes to the Defense Personal Property Program (DP3) that were communicated in your email on 5 December to some portion of the DoD qualified moving industry, titled "DP3 Update – Dec 2024." We believe these changes will negatively impact the moving experience military service members and their families receive by undermining industry capacity and stability.

IAM members have always been committed to supporting the Department of Defense's mission to provide high-quality, reliable moving services to those who serve our nation. However, these changes, particularly when combined with the ongoing transition to the Global Household Goods Contract (GHC), risk destabilizing the program and detracting from the quality and predictability essential to military service members and their families.

These changes are being implemented following back-to-back years when the Services' Personal Property representatives and Joint Personal Property Shipping Offices have stated that industry support to Service Members and their shipments have been reliable and smooth.

Changes this significant when DP3 is supposed to be drawing down, is a major disruptive force to current DP3 providers. These changes do nothing to improve quality and capacity. We believe it will make those things worse and therefore, will not lead to an improved moving experience.

## Key Concerns

### **Destabilizing Effect**

Despite stating in your email that you continue to hear from TSPs about the need for stability and predictability, the changes you announced in your email have the opposite effect. Making major



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shifts in the current program during the midst of the GHC transition is incredibly problematic for DP3 TSPs and the local agents they use in the program. Since your 5 December email, industry leaders across the DP3 spectrum have spent, and continue to spend, all their time trying to understand these changes, your intent, and the outcome of how the proposed changes will impact their current business model as they prepare for 2025 rate filing and the upcoming DP3 rate year.

They have essentially taken their collective eyes off the ball from managing current shipments and preparing for the upcoming moving year. This disruption and churn to figure out new business rules is not good for the moving service member. More importantly, these changes do nothing to help ensure service members receive a quality move.

Especially frustrating to many of our members is that TRANSCOM continues to state that it will transition all domestic shipments to the GHC before peak season of 2025. With fewer than six months to go until that scheduled transition, TRANSCOM then announces changes that will go into effect after all domestic shipments are supposed to be moving under the GHC. These mixed messages to industry further bring into question whether movers should rely on the GHC transition projections that TRANSCOM has advertised to industry to this point in time.

Implementing these proposed changes would essentially create a completely new program for movers to understand: DP3, GHC, and this new paradigm that includes domestic CFAC, reduced performance periods, and apparently, even more domestic, winner take all special solicitations. This is all being done without seeking any feedback on these changes from the movers who operate in the program.

### **Complications with domestic Common Financial and Administrative Control (CFAC)**

Major, untested changes in the moving program very frequently come with unintended outcomes. For example, Best Value Scoring changes in BVS 2.0 almost certainly resulted in significantly higher costs for the Services during the first year of implementation. We believe domestic CFAC will also create unforeseen outcomes that could negatively impact service members and the program.

It is already driving a pervasive lack of stability and certainty with your current providers as they try to figure out how they must change their businesses, their operations, their business partnerships, future hiring and training of staff, and any host of other processes and system changes. Since this informal announcement on 5 December without details, your current providers have been trying to figure out whether they'll be able to continue to operate within this totally new DP3 construct; and therefore, how much time, capacity, and investment they should continue to make in DP3.



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Domestic CFAC could have a greater impact on your larger capacity providers, negatively impacting their ability to provide you the resources and capacity needed when shipment volume grows. At this late stage of the DP3 program, it is confusing to industry and will negatively impact the service member.

With regard to Move Management Companies (MMCs) in DP3, it's not clear what the intent of the changes are and how CFAC will impact the move managers in the program. Whatever changes result from domestic CFAC though, the impact will be significant to MMCs who manage a vast majority of the domestic shipments in DP3. Between CFAC and the change to performance periods, it would appear that volume predictability under these concepts is negatively impacted for MMCs.

### **Two Performance Periods**

Like domestic CFAC, the change to two performance periods impacts current providers because it significantly changes outcomes in the current program. In today's DP3 construct, movers have learned how to manage their capacity through the four performance periods. There is predictability and stability.

Again, this change comes at a time when volume is being transitioned to GHC, which is already making shipment volume predictions in 2025 impossible for TSPs. This creates further challenges where movers have no modeling of outcomes to rely on from previous years to gauge the impact to their operations and what their volume might be. Thus, there is little data to predict whether they can be profitable in this new environment. This will impact their ability to maintain or hire appropriate staff to support the moving customer, because a drastic change, this late in the lifecycle of DP3, comes with so many unknowns. It is the definition of destabilization.

Furthermore, two performance periods will drive shipment awards deeper into the lower quartile Best Value quality bands. That will result in either lower quality movers being awarded more DP3 shipments, or the Services paying higher rates for moves, since for some movers, their rate score might be the factor that pushed them to a lower BVS quartile.

Finally, the agents that represent TSPs will see major swings in tonnage depending on which TSPs the agents have partnered with. That "feast or famine" tonnage is difficult for the local agents to manage and creates less predictability for those local agents due to the longer performance periods.

### **Special Solicitations**



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When multiple Domestic Special Solicitations were proposed last year, industry representatives stated that using a winner take all special solicitation in the domestic market would be destabilizing to domestic providers during GHC transition phase. These special solicitations have only ever been used in the international program and were designed to support hard-to-service locations.

Domestic Special Solicitations will drive further destabilization in the DP3 network by putting some local agent's very existence in jeopardy. Local agents are critical to providing the very capacity TRANSCOM and the GHC will rely on to move service members and their families in the future. TSPs who win the special solicitation will work with one local agent rather than two or three (as would happen when multiple TSPs are awarded shipments to/from a given location). When you have more local agents, you have more local capacity to surge and more competition to provide better quality. These local agents, who are needed to provide "boots at the curb" capacity in DP3 and GHC, will experience wild swings in volume as the winning TSP will likely partner with only one agent in that area, limiting the volume for other agents.

As sometimes happens, it's possible for the special solicitation winner to be suspended due to performance issues. In that case, it's likely that the volume that is shifted to the next highest scoring TSP in that special solicitation will be directed to a separate set of TSP agent partners who now must service this influx of shipments (assuming they are still in business). As discussed above, these wild swings of volume between agents are incredibly hard to manage and put the local agent network in jeopardy. A significant change in volume from one agent to another, due to a change during a new performance period from one TSP to another, with just a few weeks' notice, is not enough time for agents to hire and train new workers to handle the increased volume.

Finally, the last year has shown that TSP and agent support in the areas you initially proposed to change to a special solicitation in 2023, but did not, were effectively serviced within the "normal" DP3 domestic shipment award model.

### **Timing Amidst GHC Transition**

As previously stated, the timing of these sweeping changes to a legacy program that is projected by TRANSCOM to be in its final year, adds an unnecessary layer of complexity during the drawdown phase of DP3, and further destabilizes an industry already adapting to fundamental shifts in the current landscape brought about by the GHC rollout.

## **IAM's Position**



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IAM strongly urges the Department to reconsider these changes, as their implementation will not enhance the moving experience for military service members and their families. Instead, they risk creating unintended disruptions at a critical time of transition. IAM agrees that stability and predictability are paramount, particularly as TRANSCOM phases in GHC. These objectives can be achieved through policies that foster collaboration, adaptability, and competition within the industry. With the success of DP3 moves over the past couple of years, and the implementation of GHC already in progress, these changes are unnecessary.

## Recommendations

IAM recommends the following actions to address these concerns:

1. **Pause the Implementation of New Changes:** Allow for the completion of the GHC transition without further disruptive policy changes to DP3.
2. **Engage with Stakeholders:** Convene an industry working group to gather input and ensure any new proposed changes to DP3 align with operational realities.
3. **Maintain Existing Performance Periods:** Retaining the four-performance-period model will provide continuity and better alignment with industry capacity planning.

IAM and its members stand ready to work collaboratively with the Department to achieve shared goals of delivering exceptional service and support to military families. We value the opportunity to continue this critical partnership and urge you to consider our input in shaping a path forward.

Thank you for your attention to these concerns. We welcome further discussion and are available to meet at your convenience to elaborate on our recommendations.

Sincerely,

Brian Limperopulos  
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